



CO-OPERATIVES AND THE FIGHT AGAINST POVERTY

Brief to the Senate Committee on Social Affairs, Science and Technology November 21, 2007

Good afternoon. My name is John Anderson and I am the Government Affairs and Public Policy Director of the Canadian Co-operative Association. I welcome this opportunity to talk to you along with my colleague, Nicholas Gazzard, Executive Director of the Co-operative Housing Federating of Canada. Good morning.

CHF Canada is one of our 34 members, which also includes co-operatives and co-operative federations encompassing all the major credit union centrals; The Co-operators insurance group; retail co-operatives such as Federated Co-operatives Limited, Co-op Atlantic, Growmark and Mountain Equipment Co-operative; agricultural co-operatives such as Gay Lea and United Farmers of Alberta; as well as health and worker co-operative federations.

In partnership with the Conseil Canadien de la Coop ration, our francophone sister organization, we form a network of over 9,000 co-operatives, which in turn, employ some 155,000 people. Four of every ten adult Canadians — over 13 million people — are co-op members.

CCA and the Fight Against Poverty

Co-operatives were formed to fight poverty. The first co-operative was started in 1844 by textile workers in Rochdale, an urban centre in England, to deal with the grinding poverty they endured, the diet of oatmeal and treacle, and the life expectancy of 21 years.

The retail co-operative they formed was based on the democratic principle of one-member one-vote and has grown into the modern world-wide movement of today, which has some 1 billion members.

In Canada, the history of co-operatives has also been linked to the battle against poverty. Whether it is the credit unions started by Alphonse Desjardins, the retail co-ops of Western or Atlantic Canada, or the national housing co-operative movement, we believe that the co-operative model in Canada has shown it can be an essential tool in this fight.

CCA has, for almost a century, represented Canada's co-operatives nationally. We will be celebrating our 100th anniversary in 2009.

Overall Approach

1) The need for a national anti poverty

I would like to start with this quotation from a Senate Committee:

“The Committee found that the solution like the problem must be multi dimensional. It must have a number of different components which can be integrated into a coherent plan for the elimination of poverty in Canada.”

Sound familiar? This is not a future conclusion from this committee but rather from the Special Senate Committee’s concluding report on poverty in 1971.

What has been done in the last 36 years?

Poverty rates in Canada, no matter how you measure them, remain very high and much higher than in most comparable European nations. For a country whose net worth is growing rapidly when measured in the value of our GDP and even more so in recent months compared with the US, there is no excuse.

In 1971 the Senate committee opted for what it called a *pragmatic approach* to fighting poverty. Today we have a piecemeal approach where not only are the federal, provincial, municipal and Aboriginal governments not co-ordinated, there is no co-ordination within the federal government on this issue. And there is no co-ordination with important stakeholders such as business, labour and community organizations.

What have we learned since 1971?

We have learned that if we are going to defeat poverty, homelessness and lack of affordable housing, we have to have plan or strategy as the Croll Senate report indicated. But we now know now that this plan has to have a comprehensive and effective approach.

This means that an effective strategy must have targets; that is to say measurable goals. It must also have a timetable that sets out when and how we are going to reach these goals.

For example, in 1999 the British government committed to reduce child poverty by 25 per cent by 2004 and achieved 86 per cent of its goal.

The United Nation’s Millennium Development Goals set out to cut extreme poverty in developing countries in half by 2015 and Canada has signed on to this international objective.

We could also cite the Campaign 2000 report *Summoned to Stewardship: Make Poverty Reduction a Collective Legacy*, which calls on the federal government to set a target to reduce Canada's child poverty rate by a minimum of 25 per cent by 2012, and a minimum of 50 per cent by 2017, Canada's 150th anniversary of nationhood

CCA is a founding member of the Make Poverty History Campaign, which is committed to ending poverty both domestically and internationally, and now has some 230,000 Canadians as members.

CCA adopts unanimous resolution calling for anti-poverty strategy

At its Annual General Meeting in June 2007, the CCA delegates unanimously adopted a resolution calling on the federal government to establish a national anti-poverty strategy

Resolution adopted at June 2007 CCA AGM

The Canadian Co-operative Association calls on the federal government to develop a national anti-poverty strategy in conjunction with the provincial and territorial governments.

- A national anti-poverty strategy would commit governments to setting timetables and targets for poverty reduction
- A national anti poverty strategy would co-ordinate a number of different policies and mechanisms to reach its goals
- An important tool available to implement such a strategy is the co-operative model, the development of which needs to be encouraged and fostered

We are proud of the fact that this resolution was adopted unanimously and we also want to underline that this is the first example of an important business and economic sector organization committing itself to endorsing this goal.

We challenge other major Canadian business organizations and sectors to adopt similar pledges. Poverty as we know affects us all. Its effects are not limited to the poor but all of us feel its effects in terms of a weakened social fabric.

We are delighted with the very quick development of this issue across the country in recent months. Since June we are pleased that the Government of Ontario has now added its voice to those of the Quebec and Newfoundland governments in promising to adopt provincial anti-poverty strategies.

We see this issue very much as a non-partisan one. An issue in which all parties have a stake and a responsibility.

2) The need for an urban anti-poverty strategy and an urban Aboriginal strategy

Over 80 per cent of Canadians live in urban areas and thus most of our poverty is concentrated in these same areas. While we believe that we need a better and more effective social safety net and that newly introduced work income supplements can help, the key link still remains jobs, services such as child care and affordable housing.

In urban areas we know that poverty is concentrated in particular neighbourhoods and it is here that we must develop an integrated strategy. A major part of an urban poverty strategy must be an urban Aboriginal anti-poverty strategy as now some 50 per cent of First Nations, Métis and Inuit live in urban areas.

The role of co-operatives in fighting urban poverty

In our anti-poverty resolution we call on the federal government to use the co-operative model as an important tool to fight poverty.

Through our international program, we have learned many lessons and developed best practices for how co-ops can work as anti-poverty tools. Overseas, we work primarily through partner co-operative organizations in developing countries to improve the socioeconomic status of individuals, households and communities by reducing poverty, equitably distributing income, and increasing democratic participation in civil society, that co-ops. These programs are funded by CIDA and own Co-operative Development Foundation. The foundation, which is celebrating its 60 anniversary, domestically helped aboriginal co-op development in the Arctic and Northern Canada in the sixties.

The co-operative model can also be an effective way for urban Canadians to create their own job opportunities, gain access to services at a reasonable price, generate extra income, and enable people to participate actively in the development process of their communities.

Examples of urban co-operatives helping

In Canada, the co-op sector has partnered with the federal government on the very successful Co-operative Development Initiative. Through this initiative, which ends in 2008 and which we are trying to renew for another five years, we have helped develop a number of new urban co-operatives.

The co-operative sector experience shows us that co-operatives can be used to meet major public policy objectives. In an urban environment, co-operatives, among other civil society organizations, can make a contribution to lifting people out of poverty.

We would like to share with you three urban examples where co-operatives are making a difference.

Neechi Foods Co-op is an Aboriginal worker co-operative that operates a retail store in inner city Winnipeg – a neighbourhood with a large Aboriginal population and high rates of poverty and homelessness. First Nations, Métis and Inuit populations have poverty rates two-to-three times the already high Canadian rate. Neechi means friend in Cree and Ojibway. Neechi Foods offers a range of grocery store products such as produce and dry goods. It has developed other related programs such as fruit baskets for kids. It promotes healthy eating targeted, in part, at fighting the incidence of diabetes in the aboriginal population. Poverty often leads to poor nutrition and Neechi tries to address that problem. In addition, Neechi addresses poverty through meaningful employment to people of aboriginal ancestry and an opportunity for them to develop business skills and confidence in their abilities. Neechi has been in existence since 1990. It has been a constant fight for survival but through the hard work of its members and key volunteers it continues to operate today.

Common Ground Co-op, in Toronto, is a non-profit co-operative founded in 1990. It has over 100 members about half of whom are parents of children with developmental disabilities. The co-operative was founded in 1990. The objectives of the co-operative are to create long term self-employment through small business partnerships, to promote the development of entrepreneurial skills and to educate people with disabilities in practises of group self-determination. Common Ground operates a catering business under the trade name “Allspice” as well as several coffee bars. The role of the co-operative is to support and develop small businesses, through fundraising, consulting, networking, and service agreements in order to provide the dignity of meaningful employment to people who otherwise would not be able to participate in the world of work. As a result the Common Ground addresses the challenges of people with development disabilities, many of whom are poor, by making it possible to earn an income and not be completely dependant on social assistance.

Multi-cultural Health Brokers is a worker co-operative in Edmonton. It has 30 members who together speak over 15 languages. The purpose of the co-operative is to assist recent immigrants to access the public health care system. In addition, its services include health education, parenting support, prenatal education and post-natal support, sexuality education and translation. Recent immigrants have a much greater likelihood of living in poverty than the Canadian average. The reasons for this situation are many: from discrimination in job seeking, exclusion from professions for which they are qualified to lack of ability to access financial resources to start their own businesses. Some of these immigrants arrive in Canada as refugees fleeing war-torn regions of the world with almost no financial resources. One of the first challenges they have is their

need for health care and attention to family problems. The co-operative directly addresses these issues and helps people better integrate into Canadian society.

Co-operatives and housing and homelessness

Turning now to the question of housing and homelessness. Much has been said about counting the number of households in “core need”. No matter the source of such an exercise there are some one and half million households in core need across the country.

Similarly, a lot of time has been spent trying to count the number of homeless or to establish a methodology to count the homeless. Even if people could agree on the number of the absolutely homeless, this would still miss the number of people with no permanent address who are sleeping in a relative or friend’s spare room

One way of looking at these numbers is to examine the statistics of families on the waiting list for social housing. The numbers are still very grim 70,000 in Toronto, 11,000 in Ottawa, 11,000 in Vancouver to cite only three examples.

Whatever the measurements used, there is no evidence that these numbers have been significantly reduced in the past 10 years. At least in the 1980s the social housing sector was creating around 25,000 units per year, which was a dent in the need.

All frontline organizations that work directly with the homeless have now agreed on one major conclusion and that is the importance of promoting “housing first”.

This is a policy position that says that you cannot begin to fully address the issues of mental health and addictions that plague many of the homeless without having available secure and affordable housing.

One issue that has bedevilled social housing proponents in the past 10 years is the discussion of what level of government is responsible for the financing and delivery of social housing programs.

After the Canada Mortgage and Housing Corporation was created in 1946 there was wide agreement that the federal government had a direct role in the financing and delivery of affordable housing. In the case of the co-op housing sector there were three back-to-back unilateral federal co-op housing programs from 1973 to 1991.

Since that time there have been critical questions raised such as: Does the federal government have any delivery role in the area of affordable housing? Does the federal government have any financing role in the supply of affordable housing?

Another change in government thinking that has also created difficulties is the change from long-range thinking to short-term initiatives. We see this particularly in rent-geared-to-income financing for housing the poor. In earlier programs the government was willing to make long-range commitments where the RGI programs were locked in until the first mortgage was paid off, specifically 35 years or greater.

Now the latest government initiative was the 2006 budget announcement that committed funds for new federal affordable housing grants to be administered by the provinces with no promise of renewal or further years' funding. However, it is precisely the long-term commitment that is needed because the core housing issues are so large.

Another long-range issue is whether CMHC will even maintain its historic spending level on social housing. Between 2014 and 2020 most social housing projects, including co-operatives, will have paid off their first mortgage and the government assistance that ran with these mortgages will terminate. Will CMHC reinvest in existing social housing stock that is in need of repair? Or, will the federal government use this opportunity to spend less on social housing than it has historically.

Social housing projects are a natural partner for efforts to reduce energy use and to promote environmental sustainability and over the medium and long term bring down housing costs. First, they are in a position to pass along any savings directly to households that are paying the full rent creating a financial self interest. Second, most social housing Board members have a strong concern for the health of their communities and are willing to take a long-term perspective. As a result co-operatives and other types of non-profit housing are a ready partner for any government program that offers favourable loans and incentives to help pay for energy retrofits.

Affordable housing is not an area of public policy where we are unsure about how to address the problem. The current social housing era began in 1973 when the National Housing Act was amended to facilitate the development of non-profit housing co-ops and other types of non-profit housing. The result was several hundreds of thousands of permanently affordable housing units that are still with us today. In some ways it is not the number of units produced that is so significant but the creation of a sustainable model of affordable housing that includes housing the poor. Key characteristics included mixing income levels and building projects that were smaller and better designed to fit within their neighbourhoods and, in the case of co-op housing, giving residents direct control over their shelter. This model has stood the test of time. Therefore we are not lost searching a way out of a public policy dilemma. The solution is at hand and waits only for the resources to implement it.

We endorse the positions presented today by the Co-operative Housing Federation of Canada and its social housing colleagues. Among others they carry the torch for affordable housing and they can deliver the solutions.

The Co-op Advantage

In conclusion, I would like to summarize some of the main reasons why we think the co-op model has important advantages as a tool for fighting poverty.

1. Co-ops build community assets

Co-ops keep profits in the community and build assets that belong to the community and help build a framework for community economic development.

2. Co-operatives stay in business longer

A study by the Quebec government showed that co-operative businesses tend to last longer than other businesses in the private sector. “More than six-out-of-ten co-operatives survive more than five years, compared with almost four businesses out of 10 for the private sector in Québec and Canada in general.

3. Co-operatives are schools of business and community participation

Co-ops are schools of democratic participation and business training. Close to 100,000 individuals volunteer their time in helping manage the co-op by sitting on boards and committees.

4. Co-operatives are locally owned and controlled

When almost every week brings news of another Canadian company being bought up by a foreign owner and multinationals closing plants and moving jobs out of Canada, co-operatives are here to stay in our communities keeping jobs and head offices in Canada, and distributing surpluses back into local communities.

Thank you very much for allowing us to present and we would be happy to furnish you with any additional information.

RESOLUTION #2: DOMESTIC POVERTY REDUCTION STRATEGY

PRESENTED BY: CCA Board

APPROVAL: Unanimous

WHEREAS about one in six Canadians is presently living in poverty,

WHEREAS poverty disproportionately affects groups such as First Nations, Inuit and Métis Aboriginal peoples, women, people with disabilities and recent immigrants,

WHEREAS the modern co-operative movement was born in Rochdale, England in the 1840s as a response to dealing with poverty,

WHEREAS many co-operatives in Canada were originally established as a response to poverty,

WHEREAS today the co-operative model remains an effective tool of self-help in dealing with poverty,

WHEREAS the Canadian Co-operative Association is committed through its international development work and the Co-operative Development Foundation to alleviating poverty around the world,

WHEREAS the Canadian Co-operative Association is committed to using the co-operative model as a tool for the reduction of poverty in Canada

WHEREAS two provinces Newfoundland and Quebec already have provincial poverty reduction strategies,

THEREFORE BE IT RESOLVED THAT:

The Canadian Co-operative Association call on the federal government to develop a national anti-poverty strategy in conjunction with the provincial and territorial governments.

- A national anti-poverty strategy would commit governments to setting timetables and targets for poverty reduction
- A national anti poverty strategy would co-ordinate a number of different policies and mechanisms to reach its goals
- An important tool available to implement such a strategy is the co-operative model, the development of which needs to be encouraged and fostered